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STUART SERKIN

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EXAMINER

MILEF, ELDA G

ART UNIT

PAPER NUMBER

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PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

<b>Office Action Summary</b>	<b>Application No.</b> 09/404,518	<b>Applicant(s)</b> SERKIN ET AL.	
	<b>Examiner</b> Elda Milef	<b>Art Unit</b> 3692	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 06 May 2008.
- 2a) ☒ This action is **FINAL**.                      2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1,3-14 and 16-22 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1,3-14, 16-22 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |  |   |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892)                     | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____                                      |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)          | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____  | 6) <input type="checkbox"/> Other: _____                          |

## **DETAILED ACTION**

### **Status of the Claims**

1. This office action is in response to the amendments submitted by the applicants on 5/27/2008.

- Claims 2 and 15 are cancelled.
- Claims 1, 3, 7, 11-14, 16-19 are amended.
- Claims 21 and 22 are new.
- Claims 1, 3-14, 16-22 are pending in the application.

### ***Claim Objections***

2. Claim 19 is objected to because of the following informalities: The claim status should indicate currently amended.

In the claim listing, the status of every claim must be indicated after its claim number by using one of the following identifiers in a parenthetical expression: (Original), (Currently amended), (Canceled), (Withdrawn), (Previously presented), (New), and (Not entered).-see MPEP §714 (37 CFR 1.121 (c)).

Appropriate correction is required.

### ***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject

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matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

3. Claims 1, 3, 6-12, 14, 17, 18, 20-22 are rejected under 35 U.S.C. 103(a) as being unpatentable over Tilfors et al. (hereinafter Tilfors, U.S. Patent No. 6,405,180).

**Re claim 1:** Tilfors disclose:

A computer implemented method of executing an order (col. 1, lines 14-19), comprising:

receiving an order from a customer of a market participant (Fig. 1 and col.4 lines 6-15);

for the order, checking if a market participant identification associated with the order from the customer matches a market participant identification representing a quote in the computer system which is at the best bid or best offer price in the computer system (Tilfors checks the market participant identification associated with the order as being one of a customer, a firm or another market maker. Col. 4, lines 15-17));

and if the market participant identification matches the market participant identification representing a best bid or offer quote in the computer system,

matching off the customer order against the one of the best bid or best offer quote of the matching market participant identification that is at the opposite side of the market irrespective of any other priority established for matching orders in the computer system (Tilfors discloses using different types of trading procedures based on the types of counterpart being matched (col. 4, lines 18-26) all the while insuring that the quote in the system being used is at a best bid or best offer(col. 4 lines 37-45)). Tilfors provide for a procedure for executing a trade for matching prices between two market makers (col. 5 lines 55-67, col. 6 lines 1-14). Furthermore, it is obvious that Tilfors matches off the customer order against the one of the best bid or best offer quote of the matching market participant identification that is opposite irrespective of any other priority established for matching orders in the system because Tilfors discloses "it is desired that the spread be smaller than it is today, without forcing the market makers to take the risk of making undesired matches" (see cols. 1-2).

**Re claim 3:** Tilfors discloses:

wherein matching-off the order without regard to any priority is with respect to a time priority of other quotes in the computer system, at the opposite side of the market to the customer order -see col. 1. Tilfors discloses that in existing exchange systems, a simple first in first served model [time priority] in matching is commonly used. The first in first served model forces the market makers to take the risk of making undesired matches because of the requirement by the exchange for market makers to enter two

way quotes. Tilfors provides a method of matching based on different or type of counterpart, as well as parameters specified by the market maker –see col. 2.

**Re claims 6, 7:** Tilfors disclose:

routing the order to a market participant corresponding to said market participant that has the one of the best bid or best offer that is at the opposite side of the market; wherein the customer order is checked against proprietary quotes and agency quotes of a market participant identification representing a quote in the computer system which is at the best bid or offer-see cols. 1-6.

**Re claim 8:** Tilfors disclose:

receiving the internal book of the market participant to match-off against the market participant's posted agency or proprietary quotes-see (“order book”) col. 4 lines 37-45, col. 5 line 22 to col. 6 line 44.

**Re claim 9:** Tilfors disclose:

wherein receiving a customer order further comprises: receiving the order via an order execution system –see FIG. 1; col. 3 line 47 to col. 4.

**Re claim 10:** Tilfors disclose:

receiving the order via a negotiation order entry system –see col. 1, col. 4 lines 37-45; col. 5 line 55-col. 6 line 34; FIGs. 1-4.

**Re claim 11:** Tilfors disclose a system, storage device, and an order execution process that receives orders and matches orders against quotes posted in the system on a time priority basis-see (“In existing automated exchange systems for continuous

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trading (dealer market), a simple first in first served model in the matching is commonly used.”)-see col. 1 in particular, lines 15-17;

Further Tilfors, disclose similar limitations found in the remaining claim as in claim 1 above and is rejected using the same art and rationale.

**Re claim 12:** Tilfors disclose execute the order against the one of the best bid or best offer that is at the opposite side of the market.-see col. 1; col. 2 lines 51-52; col. 4 lines 36-45.

**Claims 14 and 17** have similar limitations found in claim 6 above, and therefore are rejected by the same art and rationale.

**Re claims 18, 20:** Further a computer program product would have been necessary to perform the method of previously rejected claims 11, 14 and are therefore rejected using the same art and rationale.

**Re claims 21,22:** Further a computer program product would have been necessary to perform the method of previously rejected claims 3 and 7 and are therefore rejected using the same art and rationale.

4. Claims 4, 5, 13, 16, 19 are rejected under 35 U.S.C. 103(a) as being unpatentable over Tilfors in view of May (U.S. Patent No. 6,421,653).

**Re claims 4 and 5:** Although Tilfors disclose “quotes that may result in a trade between market makers are hidden for some time before being matched, thus giving the market makers a chance to back off”)-see col. 2 lines 10-13, Tilfors do not explicitly disclose calling a cancel request to cancel a quote at the side of the market in which a

matched off order will be executed. May however teaches (“The present invention provides at least three order management functions to facilitate the canceling or temporarily suspending the order...”)—see col. 35, lines 41-55. It would have been obvious at the time that the invention was made to modify Tilfors to explicitly disclose canceling an order as taught by May in order to cancel a trade quickly due to adverse market changes.

**Claims 13 and 16** have similar limitations found in claims 4 and 5 above, and therefore are rejected by the same art and rationale.

**Re claim 19:** Further a computer program product would have been necessary to perform the method of previously rejected claim 13 and is therefore rejected using the same art and rationale.

### ***Response to Arguments***

5. Applicant's arguments filed 5/6/2008 have been fully considered but they are not persuasive.

In response to applicant's argument that the references fail to show certain features of applicant's invention, it is noted that the features upon which applicant relies (i.e., check to see if the order belongs to a customer of a particular market maker) are not recited in the rejected claim(s). Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993).

Furthermore, the applicant claims the following: “receiving by a computer system an order from a customer of a market participant for the order, checking if a market



participant identification is associated with the order from the customer matches a market participant identification representing a quote in the computer system...” In Tilfors, the market maker may have itself as its client, therefore, the customer is one in the same with the market participant when the broker/ dealer acts on its own behalf as a market maker(Tilfors, col. 1-2, col. 3 lines 5-19). Tilfors checks the market participant identification associated with the order as being one of a customer, a firm, or another market maker (Tilfors, col. 4, 11, 15-17).

As best understood by the Examiner, in response to the following argument made by the applicant: "Tilfors does not have the concept of a matching market participant, that is Tilfors does not a participant check if the order belongs to the customer of the market participant that has quotes in the system.” The applicant’s attention is directed to col. 2 in particular lines 39-56 wherein Tilfors discloses that the algorithm is executed when a market maker participates in a trade. In a preferred embodiment there are three different methods in the algorithm depending on the counter part of the trade. The methods/counterparts being customer, firm , market maker.

In response to the applicant’s argument concerning claim 1 and that Tilfors do not disclose matching off the customer order against the one of the best bid or best offer quote of the matching market participant identification that is at an opposite side of a market irrespective of any other priority established for matching orders in the computer system, the applicant’s attention is directed to Tilfors, col. 2, in particular line 50 to col.3 line 4. Tilfors disclose when the trade is executed, a check is done of the total volume

at the best bid/offer. Therefore, the system disclosed by Tilfors teaches matching an order based on the best bid/offer.

### ***Conclusion***

6. **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Elda Milef whose telephone number is (571)272-8124. The examiner can normally be reached on Monday -Friday 9:00 am to 5:00 pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Kambiz Abdi can be reached on (571)272-6702. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

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Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Kambiz Abdi/  
Supervisory Patent Examiner, Art Unit 3692

Elda Milef  
Examiner  
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